

his immediate extradition to the United States so that he could be prosecuted here.

Deputy Press Secretary Mary Ellen Glynn. OK, thanks everyone.

Mr. Martin. Thank you.

Ms. Shogren. Thank you, Mr. President.

Ms. Lewis. Thank you.

The President. Goodbye. Thank you.

NOTE: The interview began at 11:22 a.m. in the Oval Office at the White House. In his remarks, the President referred to President Ernesto Zedillo of Mexico. This item was not received in time for publication in the appropriate issue.

Remarks Announcing the Budget Agreement and an Exchange With Reporters in Baltimore, Maryland

May 2, 1997

The President. For more than 4 years now, I have worked hard to pursue a strategy that would keep our economy growing and creating opportunity for the American people, giving people a chance to be rewarded for their labors, and also imposing upon ourselves the discipline necessary to prepare for the future and to relieve ourselves of a lot of the problems that had been accumulated over the last several years, especially the deficit.

Now, we have reached agreement, in broad but fairly specific terms that I am satisfied will do that, with the Republican leaders today that would balance the budget by 2002, continue to increase our investment in education, in science and technology and medical research, require us to continue to show great discipline in other areas and to continue to downsize some Government operations. It would invest in doing what I think is important, to be sure that we can move people from welfare to work who are going to be required to go to work. It would expand coverage to millions of children who presently do not have health insurance. It would restore cuts to benefits for legal immigrants who are in this country who have sustained injuries and other problems for which they would otherwise be eligible for benefits. It will extend the life of Medicare and secure the integrity of the Medicaid program be-

tween now and 2002. It will be the first balanced budget in three decades.

It's a good thing that it's coming today, when we learned that our employment rate had dropped to 4.9 percent for the first time in 24 years. We know that we have the biggest decline in inequality in our work force since the 1960's, and we've seen our economy produce the largest number of new jobs since 1993 ever produced in a 4-year period. That happened because a lot of the people standing up here with me right now had the courage to vote for a plan to bring the deficit down in 1993 and get interest rates down and investments up.

This agreement will help us to finish the job. I have spoken several times over the last several days with Senator Lott and with Speaker Gingrich. I want to thank them personally for negotiating with me openly, candidly, and I'm convinced, in complete good faith.

I have also had occasion to speak with the representatives of the Democratic caucus, obviously, who were in this budget negotiation, Senator Lautenberg for the Democrats and Congressman John Spratt from South Carolina, and the Republicans who were represented by their chairs, Senator Domenici and Congressman Kasich. I want to thank them all. I want to thank Senator Domenici and Congressman Kasich; they worked very hard. And we know there are significant differences between us in how we look at what is the best way to balance the budget, and they tried to bridge these gaps. Congressman Spratt and Senator Lautenberg did as well, and I'm very proud of all four of them. They served America well. They put the interests of the country first in trying to work through to get us as close as we are today. And so I appreciate that very much.

Now, let me say again—let me give you just some of the details very quickly. The plan will protect Medicare, extending the life of the Trust Fund for a decade, extending new benefits for annual mammograms and diabetes screening. Home health will be shifted from Part A to Part B, and there will be a modest premium for home health services being phased in at one dollar per month, a year.

Second, and perhaps most important, this budget meets my goal of making education America's number one priority on the edge of the 21st century. It will have the largest increase in education funding in 30 years. It will have the largest increase in Pell grant scholarships in 20 years. It will help us to make sure that every 8-year-old will be able to read, every 12-year-old can log on to the Internet, every 18-year-old can go into college. I am very, very pleased that it will also include in a tax cut, per person, aid to help people go on to college and to finance college education.

Third, as I said, it will extend health insurance to 5 million uninsured children. This is a major breakthrough in our efforts to move toward coverage for all Americans.

Fourth, it will give businesses incentives and work with mayors to hire people from welfare to work. It will also, as I said, address the concerns I raised in last year's welfare law—restoring benefits to disabled legal immigrants and moderating excessive cuts in food stamps, along with giving the States a reserve, so that if people would be unjustly cut off food stamps because they simply cannot go to work, the States will be able to avoid malnutrition and real harm to those people in these cases.

Fifth, it will protect the environment, providing funds to clean up 500 of our most dangerous toxic waste sites, cleaning up toxic sites in urban areas, and adding resources for environmental enforcement.

Sixth, it includes tax relief for the American people, but thanks to the rules of the Senate and the agreement of the leaders, the tax relief will be limited. And we'll know the dollar amount not only for the first 5 years but for the second 5 years following, so that we will not run the risk of having an explosion in the deficit as a result of unintended leaks in a tax program, so that when we tell the American people we're going to balance the budget, we know we can keep it balanced and we won't get ourselves back into the difficulties we've seen over the last 15 years.

Like Americans of all political views, I have been deeply committed to this, but I wanted a balanced budget with balanced values. I believe we have got it today. There are things in this budget that—not everyone

will find something that he or she disagrees with; everyone could find something that he or she wishes were in the budget. There is no perfect agreement, but as I said, we know America is more prosperous when we have fiscal discipline, when we invest in our future, and when we do it in the right way. We have evidence of that.

It will never get any easier to do this job. Senator Lott made that point to me on the phone the other night. He said, "You know, when you're doing well, it's easier to balance the budget than it is when you're not. This is not going to get any easier. We have to do it now." And I said, "I agree with you, and we are going to do it."

So I ask Americans of all political parties and all philosophies to look at this plan, give it your support. Let's balance the budget and get on about the new business of preparing America for a new century.

And I thank you, and I'd like to ask Senator Daschle now and come up and say a word.

[At this point, Senators Tom Daschle and Frank Lautenberg, Representatives Charles Stenholm and Steny Hoyer, and Vice President Al Gore made brief remarks.]

The President. Thank you. I just can't help saying there for a moment I thought the Vice President was sad he's not going to get to cast another tiebreaker in this vote. [Laughter]

The Vice President. Right.

Medicare and Medicaid

Q. Mr. President, during the campaign, you repeatedly expressed concern about cuts—potential cuts in Medicaid and Medicare. Are you satisfied that no one will be hurt—

The President. Yes.

Q. —in the changes?

The President. Yes, I am. Let me say, first of all, I think we have improved the Medicaid program in this budget agreement—and I want to make full disclosure here—with the full support of the Republican negotiators, over and above what it was in the budget I presented. Now, that's been made possible partly because we know the economy is getting better, but we have.

The Medicare program, I'm convinced—first of all, the savings in Medicare which I proposed, meeting the Republicans halfway between our differences last time, are, by and large, rooted in policy, which I believe is good policy, designed not only to save money for 5 years but to save money over the long run. We need to change some of the policies to show appropriate discipline. They don't hurt people, but they will impose more rigor in the system.

The modest one-dollar-a-month premium for home health services, I think, is an appropriate contribution, given the fact that people, I believe, at 120 percent of the poverty line and down are exempted. I think it's an appropriate contribution for what is the fastest growing element of the Medicare program and something that—150 percent, they just told me, are excluded, and below. The home health part is the fastest growing part of Medicare and has not been subject to any premium, and I think it should. There should be some contribution there, just as is associated with other elements of Part B. But it will not be burdensome, and the aggregate premium will still be much lower than would have been the case if I hadn't vetoed the budget in '95.

So I think we've reached out to the health care experts in our caucus and in the Republican caucus. We've reached out to interest groups throughout the country that would be affected by this. I believe they will support this. I believe there will be broad support for this, and I think it will be seen for just what it is. It will preserve and strengthen the integrity of the Medicare program for a decade. We can't responsibly let this Trust Fund get down to a year or two and just kick it down the road for another year or two. We need to keep it a decade or more out all the time.

Budget Negotiations

Q. Senator Daschle described this as an agreement that was tentatively reached 24 hours ago. Can you give us an idea of what transpired between that point and now? [Laughter]

The President. I don't think it would be—

The Vice President. Sausage. [Laughter]

The President. Let me just say, I think what Senator Daschle said is accurate, but let me try to recast it a little bit. We had some broad outlines 24 hours ago. We went back to our folks; they went back to theirs to talk about some details. We came back with some details; they came back with some details. We got some of the details we wanted, and some we just had to abandon—and knowing that there will still be disagreements within various categories as this budget comes up.

Keep in mind, this is an agreement. Then it has to be embodied in law. Then it has to be embodied in specific appropriation bills and tax bills this year and in the years to come. So there is still some room for some debate between the two parties and within the two parties over some issues. But the framework is pretty specific—guarantees the essential elements that were necessary to get the Democrats and the Republicans to support it and to get the President to support it.

So we did get some more specifics in and had to leave some more specifics out in the last 24 hours, but I think, in fairness to the Republicans with—as I said, I am convinced they negotiated with me and with Senator Lautenberg and Mr. Spratt in complete good faith. And in fairness to them, without talking to them about it, I don't think I should characterize exactly what happened in the last 24 hours.

Tax Cuts

Q. Mr. President, how big is the tax cut in the package? Can you give us any indication? Who will get tax relief?

The President. It is a tax cut of a net of \$85 billion, which is—over 5 years—which is considerably smaller than we were—they were discussing. And then in the second 5 years, it must not exceed about a hundred and—what is it? About \$170 billion, \$165 billion, something like that.

And you'll get briefings on that; back at the White House they'll explain it. But also, we have gone as far as we could, keep in mind, the tax-writing committees were not part of this negotiating process, the budget committees were. So let me finish. We have gone as far as we could also in discussing

what the components are. You know the thing the Republicans want in it. You know we want an education tax cut as well as some environmental relief for brownfields and some other very specific things, and we want to protect the tax cuts that are progressive in our Tax Code, particularly the earned-income tax credit for low income people, the low income housing credit, and we want to try to protect the pension programs from being raided. And we've gone about as far as we can in doing that in an agreement that does not include the leaders of the tax-writing committee.

And Secretary Rubin, who is our guardian on that, finally signed off and said, "Well, this is the best we're going to be able to do."

Budget Negotiations

Q. Mr. President, the Republicans are happy they got their tax cut; you're happy you got your investments. It can't all be win-win. What did you have to give up? Where will Americans feel a pinch? Where's the sacrifice?

The President. Well, first of all, they're taking a smaller tax cut than they had originally sought. We're providing larger savings in this budget than previously in Medicare and in other areas. But the growth in the economy has made it easier than it otherwise would have been. And we've all acknowledged that. I think we have to acknowledge that.

So, for example, the difficult questions that had been raised around the CPI—the cost of living adjustment for benefits—the sense of both sides is that that should continue to be handled in the ordinary course of business, that there will be an adjustment of some kind coming out of the Bureau of Labor Statistics in the process, that we have a fairly good idea of what it is. But even if it's not sufficient to cover everything—and they acknowledge they can't analyze all the relevant factors—that is an issue which now can be handled outside of these budget negotiations. And that is an issue which would have been very difficult here.

Selling the Budget Agreement

Q. Mr. President, how big a selling job do you still have?

The President. Well, I don't know. We're going to have to see how the Democrats and Republicans react to it. The Democrats will think that the tax cuts are too big and too skewed to people with high incomes. The Republicans will think that we're investing too much in education and other things; I think many of them may think that. And I'm sure that there will be some on both sides who won't vote for it. And then some people will be disappointed that, even though we did some good reform in the Medicare program, that without a consumer price adjustment that's larger, some will say we're not doing enough to save Social Security.

My argument is we can look at saving Social Security independent of this; let's balance the budget. We don't have to mix the two, and we can take that on its own merits.

But there will be a lot of things in here that—as I said, no one will look at this budget and say, "This is perfect. It has everything in it I want, and there's nothing in it I don't like." So everybody will say, "I wish something were in it that isn't." I wish that there were things that are in it that weren't. But I think we've got a good shot at getting the majority of both parties in both Houses, which has been my goal from the day one. And if it happens, America will be much better off.

Keep in mind, the bottom line is, if we show discipline here and keep interest rates down by balancing the budget, the American people in the private sector will grow the economy for us. That solves a lot of problems. If we show discipline in continuing to invest in our future, then we will grow the economy in a way that will give us high-wage jobs, higher incomes, and greater equality, which will solve our problems for us. And meanwhile, we'll have a little honest—an honorable compromise; that's part of the way the process works.

Thank you. There will be a briefing on more specifics down at the White House shortly.

NOTE: The President spoke at 3:58 p.m. while attending a Democratic senatorial retreat at the Harbour Court Hotel. This item was not received in time for publication in the appropriate issue.

Exchange With Reporters on Arrival at the White House

May 2, 1997

Budget Agreement

Q. Mr. President, have you got all the Democrats on board now?

The President. A lot of them. I feel good about it.

Q. Do you need to do a selling job to the American people? Do you think you need to sell this at all?

The President. Oh, sure. We need to talk about it. We will. It's a good agreement, a good thing for America.

Q. [Inaudible]

The President. We're having them over here for a while.

NOTE: The President spoke at 6:05 p.m. on the South Lawn at the White House. A tape was not available for verification of the content of this exchange. This item was not received in time for publication in the appropriate issue.

Statement on the Department of Justice Appeal of the District Court Tobacco Regulation Decision

May 2, 1997

Today the Department of Justice filed a notice in the Greensboro U.S. District Court appealing the part of Judge Osteen's order that invalidated the Food and Drug Administration's tobacco advertising restrictions. The Department is asking for an expedited appeal, because every day of delay matters to our children's health. Each day, 3,000 children and young people become regular smokers, and 1,000 of them will have their lives cut short as a result of their smoking. And this problem of youth tobacco use is getting worse. The percentage of 8th and 10th graders who smoke has risen for 4 consecutive years. The FDA's commonsense access and advertising restrictions would reverse this trend. We will continue to work to protect our children from tobacco, and we will not stop until we succeed.

NOTE: This item was not received in time for publication in the appropriate issue.

Message to the Congress Transmitting a Report on the Proliferation of Weapons of Mass Destruction

May 2, 1997

To the Congress of the United States:

The National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201), title XIV, section 1443 (Defense Against Weapons of Mass Destruction), requires the President to transmit a report to the Congress that describes the United States comprehensive readiness program for countering proliferation of weapons of mass destruction. In accordance with this provision, I enclose the attached report.

William J. Clinton

The White House,
May 2, 1997.

NOTE: This item was not received in time for publication in the appropriate issue.

The President's Radio Address and an Exchange With Reporters

May 3, 1997

The President. Good morning. Yesterday we took a dramatic step to prepare America for the 21st century, and we got the best evidence yet that the new economic policy we adopted in 1993 is working for our people. Yesterday morning, we learned the unemployment rate has dropped to 4.9 percent, the lowest in 24 years. And yesterday afternoon, I reached an historic agreement with the leaders of Congress to balance the budget by 2002, with a plan that ensures we will balance the budget, invest in our future, protect our values and our obligations to our children, our parents, and those in need.

Four years ago, when I took office, the economy was stagnating, job growth was sluggish, the budget deficit threatened to drown our economy. I believed it was time to change course with a new economic strategy: Invest and grow, cut the budget deficit, sell more products overseas through tough trade agreements, and invest in the skills of our people. In 1993, we put our economic plan in place. It wasn't easy; it required hard